

Affordable Housing Plan for the City of Asheville

June 24, 2008



The 2008 Affordable Housing Plan for the City of Asheville has been developed by the Mayor's Task Force on Affordable Housing ("Task Force"), working with Pisgah Legal Services and City of Asheville staff. The plan documents trends in the local housing market, population, and incomes, and offers recommendations from the Task Force to remedy the affordable housing crisis.

Executive Summary

Affordable housing needs in the City of Asheville are greater than ever before. More than 23,675 households in the City of Asheville make less than the HUD-determined area median income for the Asheville Metropolitan Statistical Area (MSA), which includes Buncombe, Henderson, and Madison counties.¹ In Asheville, 44.5% percent of renter households cannot afford their rent payments and 32.1% of homeowners cannot afford their mortgage payments.² Asheville has the lowest annual median income, but the second highest average monthly rent of major North Carolina cities.³ Over the past several years Asheville has grown into a *city*, it is no longer a small town. It is a popular and attractive place, and people will continue to move here. As demand increases, unless the supply of housing grows at a comparable rate, the price of housing will increase further, resulting in greater economic polarization, and greater economic and environmental strain.

The 2008 Affordable Housing Plan for the City of Asheville is the culmination of a six-month planning effort by housing developers, non-profit service providers, City and County staff, local business leaders, community representatives and others. It is a long-range, comprehensive plan designed to help people access, maintain quality affordable housing, and stabilize their families and lives. Its recommendations are evidence-based and draw from the best practices of innovative programs and initiatives throughout the country as well as the vast knowledge and experience of task force members.

The 2008 Affordable Housing Plan for the City of Asheville is intended to address affordable housing needs. This emphasis reflects the growing concern within the City of Asheville over the number of working individuals and families who cannot afford quality housing near their jobs. More than 18,000 people commute into Buncombe County for work, many of those into the City of Asheville. Almost half of the renters and homeowners living in the City of Asheville cannot afford their rent or mortgages.

There are several direct causes for the affordable housing problem:

- ❖ There is little vacant land.

¹ US Census Bureau, 2006.

² US Census Bureau, 2006.

³ Apartment Index.

- ❖ Jobs are tourist-related and generate low-income wages.
- ❖ There is a large number of second homes.
- ❖ Mountain terrain increases construction costs which are passed on to consumers.

With this knowledge, the Task Force met approximately 40 times over six months and developed recommendations for the City of Asheville to follow in order to combat these direct causes of the lack of affordable housing.

These recommendations will:

- ❖ Educate stakeholders
- ❖ Support community initiatives that further affordable housing
- ❖ Match housing resources to people with the greatest needs and chances of success
- ❖ Increase the supply of affordable housing through new initiatives
- ❖ Remove barriers to affordable housing in existing City programs and ordinances

These strategies alone will not address all of the housing needs in the City of Asheville. The solution to Asheville's affordable housing needs is a long-term commitment to continue wrestling with the problem. The City of Asheville cannot meet all housing needs alone. True partnership between local governments, private and non-profit housing developers, and residents is required to create more affordable housing opportunities. Asheville as a whole needs to recognize that housing is the most fundamental of needs. Housing stability is an indicator of a person's ability to meet his other basic needs.

The City of Asheville MUST make affordable housing a priority that is reflected in action, policy and words. Multiple competing interests affect affordable housing and multiple competing voices affect decisions that impact affordable housing. The issue is political because it affects people's finances, but it is also personal because it affects ordinary citizens' ability to enjoy a healthy life – to live in safe housing and a clean environment, to buy food and medication, and to access healthcare and educate their children.

Acknowledgments

In November 2006, Mayor Terry Bellamy pulled together a diverse group of community stakeholders to discuss how to best address the City of Asheville's growing need for affordable housing. The result of that meeting was the creation of the Mayor's Affordable Housing Task Force. Mayor Bellamy met with the Task Force in September 2007 to introduce the concept of an Affordable Housing Plan that would guide the City of Asheville in its affordable housing related ordinances, policies, plans and actions for the next 20 years. On November 13, 2007, Asheville City Council voted to approve Pisgah Legal Services to create the Affordable Housing Plan working with the members of the Mayor's Affordable Housing Task Force.

Task Force members met together as a group and in sub-committees 38 times over the next six months. *Each Task Force member represents a larger segment of the population.* The Task Force did not seek to compromise their values, but instead sought to find balance. The City of Asheville should have an adequate housing stock for people at all income levels.

Robin L. Merrell of Pisgah Legal Services staffed the meetings and drafted the Plan. She was assisted by Carrie R. Knight, M.P.A. City of Asheville staff members who assisted by providing information and other help include: Blake Esselstyn, Kim Hamel, Charlotte Caplan and Anthony Goodson of the Planning Department; Lauren Bradley, Jeff Richardson, and Jessica Dunlap of the City Manager's Office; and Mark Monahan and Marlene Frisbee in the Building Safety Department. The authors would also like to acknowledge and thank Geri Martin-Transue for donating her talent and creating the image for the cover.

The Task Force members voted on the individual recommendations made in this plan; the vast majority of recommendations were approved unanimously. On June 6, 2008, The Task Force approved the entirety of the plan by consensus and forwarded it to City Council for adoption

The Mayor’s Task Force on Affordable Housing

Asheville City Staff:

Charlotte Caplan.....City of Asheville Community Development
Kim Hamel.....City of Asheville Planning Department

Community Leaders:

Celeste Collins.....OnTrack Financial Education and Counseling
Donna Cottrell.....Buncombe County
Sophie Dixon.....NAACP
Rusty Hunter.....Hunter Development Company
Jerome Jones.....City of Asheville Planning and Zoning Commission
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Beth Maczka.....The Community Foundation of Western North Carolina
Jane Mathews.....Mathews Architecture
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Eleanor Owen.....United Way Asheville and Buncombe County
Tom Rightmyer.....Coalition of Asheville Neighborhoods
Maria Roloff.....Mission Hospitals
Philippe Rosse.....Affordable Housing Coalition
LaVoy Spooner.....AT&T
Caroline Sutton.....Asheville Home Builders Association
Cindy Weeks.....Mountain Housing Opportunities

Harry Weiss.....Public Interest Projects
David West.....Asheville Board of Realtors

Guiding Principles

While developing this Affordable Housing Plan, the Task Force adopted the following Guiding Principles:

- ❖ *A stable work force needs housing affordable to all wage levels.*
- ❖ *“Affordable Housing” is not a four-letter word and neither is “profit.”*
- ❖ *Affordable Housing is about social justice, promoting diversity, addressing segregation issues and honoring mountain traditions.*
- ❖ *Affordable Housing is not a real estate problem, but the intersection of real estate and the larger economy.*
- ❖ *Affordable Housing is not just about social justice, but also economic development and community building.*
- ❖ *Affordable Housing is someone’s home.*
- ❖ *Affordable Housing is worthy of aggressive, committed public policy development and decisions.*
- ❖ *Affordable Housing should address options for special needs populations including disabled people.*
- ❖ *Affordable Housing should be safe and decent, and can create safety for vulnerable populations.*
- ❖ *Affordable Housing should not jeopardize housing for middle-income families.*
- ❖ *Needs of all stakeholders should be considered in the development of Affordable Housing, including consumers.*
- ❖ *People who work or grew up in Asheville, should be able to live in Asheville.*
- ❖ *Public and private collaboration is essential to the success of an Affordable Housing plan.*
- ❖ *Solutions for Affordable Housing must be supported by the entire community; success requires community-wide investment.*

Introduction

Asheville is located in Buncombe County, in the mountains of Western North Carolina. It is the largest city west of Charlotte and is a regional hub. People from every county in Western North Carolina come to Asheville to access services, entertainment, cultural activities, and employment. Many of them might choose to live in Asheville, but cannot afford to do so.

Affordable housing needs in the City of Asheville are greater than ever before. More than 66% of households make less than the area median income.⁴ In Asheville 44.5% percent of renter households cannot afford their rent payments and 32.1% of homeowners cannot afford their mortgage payments.⁵ Asheville has the lowest annual median income, but the second highest average monthly rent of major North Carolina cities.⁶ For more information on the housing market in Asheville, see Appendix A, a housing market analysis that contains information evidencing the overwhelming need for affordable housing.

In 2004, the City of Asheville commissioned Bay Area Economics, Inc. to conduct a housing market study. The study concluded that housing affordability is the greatest challenge to the housing market in Asheville, NC. Their market analysis identified several direct causes for the affordability crunch in the City.

First, there is little vacant land. (See vacant land maps in Appendix B, showing vacant parcels in the city limits that are half-acre or larger, not in the flood plain and not subject to the steep slope ordinance. The various maps show the parcels in relation to bus lines, water/sewer lines and topography.) To address this problem, the City of Asheville must either annex more land or increase density within the existing City boundary.

Second, although the economy in the region is strong and unemployment is low, most of the regions jobs are tourist related and generate low-income wages. The City of Asheville must find ways to attract higher wage jobs.

Third, the area is attractive to tourists as well as retirees, and as a result there is a large number of second-homes. In Buncombe County 25% of homes are non-primary residences. Incentives must be offered to encourage developers to build affordable housing.

⁴ US Census Bureau, 2006.

⁵ US Census Bureau, 2006.

⁶ Apartment Index.

Lastly, the terrain of the region increases construction costs; this cost transfers to consumers through high housing prices and increased rent costs. To combat these costs, the City of Asheville must ensure that its ordinances and regulations do not add to the cost of construction.

In acknowledgement of the need to address these causes of the lack of affordable housing, the City of Asheville took action by authorizing the creation of this plan.

CALL TO ACTION

This Task Force does not represent the first time that a group has met to discuss affordable housing issues. Most notably, in November, 2002, Buncombe County and the City of Asheville came together to create the County/City Housing Task Force. This group met for one year seeking to “provide the Buncombe County Commissioners and the Asheville City Council with information on current housing needs and programs, including the potential for a joint housing trust fund, recommend changes to current housing policies, and help raise awareness and support throughout the community for housing issues.” County/City Housing Task Force made eight recommendations. Only two of the eight recommendations have been fully implemented, and one has been partially implemented.

The recommendations were made by a diverse group representing housing providers, private developers, housing advocates and real estate, financial, and construction professionals who worked hard to reach agreement on these issues. Because their recommendations were not implemented, the current Affordable Housing Task Force fears that its hard work may be ignored by the City of Asheville. For this, the Affordable Housing Task Force implores you, the Council of the City of Asheville to have the political will to implement the strategies that we are recommending. Even if Council were to ultimately decide not to implement some of the things that we recommend, having a public dialogue about them and communicating the reasons why will go a long way in establishing trust and constructive dialogue with the community members who have engaged in this process. The time and effort Task Force members spent on this plan should not be in vain. In order for the affordable housing our community needs to become a reality, City Council must act.

What does “Affordable Housing” Mean?

The Task Force used the following definitions of commonly used words. These terms will be found throughout the Plan.

1. Affordable Housing – Housing is affordable when housing costs are no more than 30% of an individual’s total income. Housing costs include utilities, property taxes, association fees, insurance, and maintenance.
2. Area Median Income (AMI) is the midpoint in the income distribution for a specific geographic location (50% of households earn less than the median income, and 50% earn more). HUD calculates AMI levels for different communities annually, with adjustments for family size. For the City of Asheville, the area median income for a four person family is **\$52,500.00**.

<u>INCOME RANGE</u>	<u>PERCENT OF AMI</u>	<u>INCOME RANGE</u>
<i>EXTREMELY LOW INCOME</i>	<i>BELOW 30%</i>	<i>BELOW \$15,750</i>
<i>VERY LOW INCOME</i>	<i>30- 50%</i>	<i>\$15,750 - \$26,250</i>
<i>LOW INCOME</i>	<i>50- 80%</i>	<i>\$26,250 - \$42,000</i>
<i>MODERATE INCOME</i>	<i>80-120%</i>	<i>\$42,000 - \$63,000</i>
<i>MIDDLE INCOME</i>	<i>ABOVE 120%</i>	<i>ABOVE 63,000.00</i>

3. HUD – United States Department of Housing and Urban Development
4. Workforce Housing is defined as housing that is attainable by households who earn up to 140% of the Area Median Income. Meaning, in the City of Asheville families earning less than \$73,500 in 2008 are the target audience for workforce housing. Typically teachers, police officers, nurses and many other professionals fall into this category.

Task Force Recommendations

Following are the Task Force recommendations. Some of the recommendations include commentary explaining the Task Force's intention in making the recommendation, followed by voting information, priority level (high, medium, low), and suggested implementation deadlines. The Task Force did not choose to vote on every recommendation, although given several opportunities to do so. Instead, the Task Force chose to vote on recommendations that needed explanation, discussion or debate.

Many of the recommendations in this plan are general and will require more work before implemented. Some work will be delegated to city staff; other items will require local community leadership. Instead of creating task forces every few years to discuss affordable housing, we recommend the creation of a quarterly workgroup to evaluate, refine, and monitor implementation of this plan. Several Task Force members are willing to volunteer to be a part of this working group. They include: Cindy Weeks, Harry Weiss, Kim Hamel, Barber Melton, Caroline Sutton, Jane Mathews, Beth Maczka, Sophie Dixon, Tom Rightmyer, David Nash and Robin Merrell.

The recommendations fall into the following categories:

- I. Match housing resources to the populations with the greatest needs to maximize their chances of success
- II. Change City ordinances and programs
- III. Implement new initiatives to increase the supply of affordable housing
- IV. Provide Comprehensive Education to All Stakeholders
- V. Financially support community initiatives/collaborations that further affordable housing
- VI. Topics for further discussion

Match housing resources to the populations with the greatest needs to maximize their chances of success.

PRIORITIZE AFFORDABLE HOUSING DEVELOPMENT BY EXISTING DEMAND

The Task Force requests that the City of Asheville prioritize the development of *rental housing over housing for purchase* to help increase the supply of affordable rental housing available to people at incomes below 80% of AMI. As a matter of policy, the City of Asheville should provide rental assistance whenever possible, because currently fair market rent is unaffordable to these citizens. Affordable homeownership *and* rental opportunities must be available to households earning between 80-120% of AMI, as some, but not all of these families will be successful homeowners.

Commentary: This request is in line with current City practice and is borne out of the Task Force's recognition that there is not enough affordable rental housing in the City of Asheville.

Recommendation Number 1

THE CITY OF ASHEVILLE, IN PARTNERSHIP AND COLLABORATION WITH THE ENTIRE ASHEVILLE COMMUNITY AND AREA DEVELOPERS SHOULD SET A GOAL TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING UNITS BY 500 UNITS A YEAR OVER THE NEXT 20 YEARS. APPROXIMATELY 75% OF THESE UNITS SHOULD BE RENTAL UNITS AND MANY SHOULD BE EFFICIENCY OR 1-BEDROOM UNITS.

Commentary: This recommendation is for the entire community, not just the City of Asheville. The City of Asheville should communicate this goal with to developers, leaders, neighborhood groups and others as a goal and a reason why affordable housing development must be prioritized. This target will need to be re-evaluated periodically and updated as needed. It is a starting point for beginning to fill the existing affordable housing gap before it becomes larger.

Recommendation Number 2

REDEVELOPMENT OF SUBSIDIZED HOUSING SHOULD BE EXPLORED AND MIXED-INCOME USES CONSIDERED. THERE SHOULD BE NO OVERALL LOSS OF PUBLIC HOUSING UNITS UNLESS THEY ARE REPLACED WITH PROJECT-BASED SECTION 8 SUBSIDIES. THE DIFFICULTY OF FINDING LANDLORDS WILLING TO ACCEPT SECTION 8 HOUSING CHOICE VOUCHERS INDICATES THAT REPLACING PUBLIC HOUSING UNITS WITH SECTION 8 HOUSING CHOICE VOUCHERS IS NOT EFFECTIVE.

Commentary: When exploring Hope VI or other tools for re-development of subsidized housing, ensure that there is no overall loss of units. The Hope VI and other re-development models nationwide have resulted in the loss of public housing units that were replaced with Housing Choice Vouchers. Locally, such an effort would not be wise as Housing Choice Vouchers are not widely accepted. Any public housing units demolished should be replaced with public housing units or project-based Section 8 units. This action will ensure that families are not made homeless through re-development of subsidized housing.

Vote: This recommendation was made by the Current State of Affordable Housing sub-committee. The full Task Force did not choose to discuss and vote on this recommendation.

Amend ordinances and programs to increase the affordable housing supply

THE CITY OF ASHEVILLE UNIFIED DEVELOPMENT ORDINANCE (UDO)

Recommendation Number 4

ACTIVELY SOLICIT BROAD AND INCLUSIVE PUBLIC PARTICIPATION IN THE FORMULATION AND IMPLEMENTATION OF PLANS AND ORDINANCES.

Commentary: This recommendation is not a criticism of current City practices. Broad public participation is needed for the formulation of plans, strategies, and action steps of ordinances or policies that affect affordable housing. Once those ordinances or policies are in place, decisions should be based those guidelines.

Task Force Vote: Unanimous

Recommendation Number 5

LIMIT COUNCIL DISCRETION IN THE APPROVAL OF DEVELOPMENT PROJECTS THAT COMPLY WITH THE APPLICABLE ORDINANCES AND ADOPTED PLANS.

Commentary: The Task Force intention in this recommendation is not to limit public input (see recommendation #4 above), but to limit political pressures and bias from influencing Council decisions.

Vote: Unanimous

Recommendation Number 6

FOR ALL PROPOSED DEVELOPMENTS UNDER 50 UNITS, DENSITY BONUSES FOR AFFORDABLE HOUSING SHOULD BE *USE BY RIGHT SUBJECT TO SPECIAL REQUIREMENTS*, NOT A CONDITIONAL USE. THE SPECIAL REQUIREMENTS SHOULD BE DEVELOPED WITH COMMUNITY INPUT AND SHOULD NOT BE PROHIBITIVE OR ONEROUS.

Commentary: This recommended UDO change could have a larger impact than many of the recommendations on how many units of affordable housing can be built. It encourages affordable housing infill development.

Vote: 12-4 in favor

Priority: High

Implementation Date: December 31, 2008

Recommendation Number 7

ALL DEVELOPMENT REGULATIONS SHOULD BE REVIEWED ANNUALLY FOR CONSISTENCY AND TO ELIMINATE ANY BARRIERS TO AFFORDABLE HOUSING. THE IMPACT OF NEW REGULATIONS ON AFFORDABLE HOUSING SHOULD BE QUANTIFIED AND STUDIED SEMI-ANNUALLY. REGULATIONS WITH A DETRIMENTAL IMPACT ON AFFORDABLE HOUSING SHOULD BE REVISED TO REMOVE THE DETRIMENTAL IMPACT.

Vote: This recommendation was created from discussion of the Task Force at a full Task Force meeting on May 1, 2008. At future meetings, the Task Force did not choose to discuss the recommendation further or vote on it.

Recommendation Number 8

THE CITY SHOULD SUPPORT AFFORDABLE HOUSING DEVELOPMENT IN ALL NEIGHBORHOODS. LOW WAGE JOBS ARE AVAILABLE THROUGHOUT THE CITY, AND ARE NOT CONCENTRATED IN THE CENTER CITY.

Vote: This recommendation was created from discussion of the Task Force at a full Task Force meeting on May 1, 2008. At future meetings, the Task Force did not choose to discuss the recommendation further or vote on it.

Recommendation Number 9

IN ALL RESIDENTIAL SINGLE FAMILY DISTRICTS, ALLOW DUPLEXES, TRIPLEXES AND QUAD-PLEXES AS CONVERSIONS OR NEW CONSTRUCTION AS USE BY RIGHT SUBJECT TO SPECIAL REQUIREMENTS. RE-EVALUATE THE SPECIAL REQUIREMENTS CURRENTLY IN PLACE FOR DUPLEXES TO INCREASE FLEXIBILITY. IN GENERAL, ALL RESIDENTIAL AREAS SHOULD ALLOW

MULTI-FAMILY BUILDINGS THAT FIT THE DESIGN, SCALE AND CHARACTER OF THE NEIGHBORHOOD.

Vote: Unanimous

Priority: High

Implementation Date: December 31, 2008

Recommendation Number 10

REVISE THE COTTAGE DEVELOPMENT CODE TO ALLOW MORE THAN 12 UNITS IF SOME OF THE UNITS ARE DUPLEXES.

Vote: Unanimous

Priority: Medium

Implementation Date: December 31, 2008

Recommendation Number 11

ENCOURAGE THE USE OF TRANSIT BY REDUCING PARKING REQUIREMENTS THROUGH THE USE OF ON-STREET PARKING.

Vote: Unanimous

Priority: Medium

Implementation Date: December 31, 2009

Recommendation Number 12

THE CITY SHOULD CONDUCT A LAND STUDY TO SEE WHERE DENSITY CAN BE INCREASED ABOVE THE CURRENT DENSITY ALLOWED. RETURNING TO ZONING THAT WAS IN PLACE BEFORE THE UDO WAS IMPLEMENTED SHOULD BE CONSIDERED AS THE RE-ZONING UNDER THE UDO RESULTED IN A SIGNIFICANT LOSS OF LAND AVAILABLE FOR MULTIFAMILY HOUSING. THE CITY

SHOULD INCREASE DENSITY, WITH AN EMPHASIS ON AFFORDABLE HOUSING, IN ALL DISTRICTS TO THE EXTENT FEASIBLE.

Vote: This recommendation was created from discussion of the Task Force at a full Task Force meeting on May 1, 2008. At future meetings, the Task Force did not choose to discuss the recommendation further or vote on it.

Priority: High

Implementation Date: July 1, 2009

Recommendation Number 13

EMPHASIZE AFFORDABLE HOUSING DEVELOPMENT AS A PRIORITY TO ALL CITY DEPARTMENTS INCREASING THE COOPERATION BETWEEN CITY DEPARTMENTS AND DEVELOPERS AND OTHER CITY DEPARTMENTS.

Commentary: The Task Force recognizes the hard work of City Staff on affordable housing issues and improvements made in customer service. The Task Force, through this recommendation, is asking that *affordable housing* become the top priority of City Staff who work on development or housing related issues.

Vote: This recommendation was made by the Current State of Affordable Housing sub-committee. The full Task Force did not choose to discuss and vote on this recommendation.

CITY OF ASHEVILLE HOUSING TRUST FUND (HTF)

Recommendation Number 14

MONEY PAID FOR CITY OWNED LAND THAT IS TO BE DEVELOPED FOR AFFORDABLE HOUSING SHOULD BE PLACED IN THE HOUSING TRUST FUND. THE BUYER WOULD BE ABLE TO APPLY FOR A HOUSING TRUST FUND GRANT UP TO THE AMOUNT OF THE SALE PRICE, THE AMOUNT DEPENDING ON THE PERCENTAGE OF THE HOUSING THAT WILL BE AFFORDABLE AND THE INCOME OF THE POPULATION SERVED BY THE HOUSING (HOUSING FOR LOWER-INCOME POPULATIONS WOULD RECEIVE MORE FUNDING FROM THE HTF). THIS GRANT FROM THE HTF WOULD NOT PRECLUDE THE DEVELOPER OR BUYER FROM APPLYING FOR A HTF LOAN

SEPARATELY. THE HTF WOULD HAVE TO BE AMENDED TO ALLOW FOR THESE GRANTS. ANY REMAINING PORTION OF THE PURCHASE MONEY WOULD BECOME A PART OF THE HTF AND WOULD BE AVAILABLE FOR HTF ALLOCATIONS TO OTHER ENTITIES. THIS MECHANISM WOULD ALLOW FOR-PROFIT DEVELOPERS TO ACCESS CITY-OWNED LAND FOR AFFORDABLE HOUSING ALONG WITH NON-PROFIT DEVELOPERS. LAND ACQUIRED BY THE CITY WITH CDBG FUNDING IS EXEMPT FROM THIS PROVISION, AS THOSE FUNDS MUST BE USED ACCORDING TO HUD CDBG REGULATIONS, PREFERABLY FOR ACTIVITIES THAT SUPPORT AFFORDABLE HOUSING. A MAP OF CITY-OWNED LAND IS INCLUDED IN APPENDIX G.

Commentary: Any money put into the Housing Trust Fund through this program should have no effect on the annual allocation by City Council.

Vote: Unanimous

Priority: Medium

Timeline for Implementation: July 1, 2009

Recommendation Number 15

AMEND THE HOUSING TRUST FUND GUIDELINES TO ALLOW FOR 20% OF MONEY PUT INTO THE FUND ANNUALLY TO BE MADE AVAILABLE AS GRANTS FOR RENTAL ASSISTANCE PROGRAMS FOR THE HOMELESS OR TO SUBSIDIZE DEVELOPMENT OR OPERATION OF UNITS SET ASIDE FOR THE HOMELESS.

Vote: Unanimous

Priority: Medium

Timeline for Implementation: July 1, 2009

Recommendation Number 16

TO PROTECT THE SUBSIDIES PROVIDED BY THE CITY OF ASHEVILLE THROUGH THE HOUSING TRUST FUND AND/OR ANY DENSITY BONUSES IN THE UNIFIED DEVELOPMENT ORDINANCES GRANTED TO INCREASE THE SUPPLY OF AFFORDABLE HOUSING, THE TASK FORCE ASKS FOR THE CITY OF ASHEVILLE TO ADOPT THE FOLLOWING RECOMMENDATIONS:

A. HOUSING FOR SALE

1. Use deeds of trust or other instruments to protect the City's equity interest.
2. Reinvest any re-captured funds in the Housing Trust Fund.
3. Units must be primary residences and cannot be sold to relatives or business associates of developer.
4. All housing must be openly marketed.

B. HOUSING FOR RENT

1. Use a Declaration of Deed Restrictions ensuring that rents shall remain affordable for 20 years, increasing by no more than 4 percent per annum, or the annual increase in the Consumer Price Index, whichever is lower, excepting rental housing constructed with other public funding that includes a long-term affordability requirement.
2. Rental unit must be openly advertised, including notification to non-profit housing agencies, the Housing Authority of the City of Asheville, and the free website www.socialserve.com.
3. There shall be no discrimination against applicants who have Housing Choice Vouchers or other forms of rental assistance.
4. Fine owners who fail to comply with these conditions.

Commentary: This recommendation is a variation of a recommendation made by the Community Development Director to the Housing and Community Development Committee.

Vote: 11-2 in favor of rental provisions. The 2 dissenting votes wanted to preserve subsidies for 30 years instead of 20. The vote for the homeownership provisions was also 11-2. The entire task force supports the City of Asheville taking steps to ensure it preserves the subsidies it provides.

Priority: High

Implementation Date: January 1, 2009

Recommendation Number 17

ELIMINATE A MAXIMUM SALES PRICE FOR UNITS UTILIZING THE HOUSING TRUST FUND AND DENSITY BONUSES IN THE UDO. INSTEAD, LINK THE UTILIZATION OF THESE RESOURCES TO THE INCOMES OF THE OCCUPANTS.

Commentary: Federal programs and banking practices, with little exception, treat affordability primarily as a function of income rather than absolute price. Potential homebuyers can avail themselves of a variety of gap financing opportunities that bring market rate housing within reach - down payment assistance, forgivable loans, NCHFA secondary financing, and other soft second deferred mortgages. It is these gap financing sources that make up the difference between what a buyer qualifies for in a mortgage and what the actual purchase price of the home is. Price caps artificially understate actual land and construction costs, and the changing nature of development finance. Price caps also impede the community's understanding of the real cost of housing. Currently for the Housing Trust Fund and Density Bonuses under the UDO, developers must construct housing under the price cap **and** sell it to buyers who are under a specific percentage of AMI.

Vote: Unanimous

Implementation Date: December 31, 2008

CITY OF ASHEVILLE FEE REBATE PROGRAM

Recommendation Number 18

AS A POLICY ISSUE THE CITY SHOULD REBATE FEES AS MUCH AS POSSIBLE AND WORK WITH OTHER ENTITIES SUCH AS THE METROPOLITAN SEWAGE DISTRICT TO ENABLE THEM TO OFFER MAXIMUM POSSIBLE FEE REBATES FOR THE DEVELOPMENT OF AFFORDABLE HOUSING. THE FEE STRUCTURE SHOULD BE EVALUATED ANNUALLY TO ENSURE THAT AN INCENTIVE FOR THE DEVELOPMENT OF AFFORDABLE HOUSING IS BEING OFFERED BUT THAT THE CITY'S RESOURCES ARE NOT BEING DEPLETED.

Vote: Unanimous

Priority: Medium

Implementation Date: July 1, 2009

Recommendation Number 19

OFFER THE FEE REBATE TO DEVELOPERS FOR HOUSING THAT FALLS UNDER THE MAXIMUM SALES PRICE OR OTHERWISE COMPLIES WITH THE REQUIREMENTS FOR THE HOUSING TRUST FUND OR DENSITY BONUSES REGARDLESS OF PRICE.

Commentary: Currently, the fee rebates are available to developers who build housing under a maximum sales price. This recommendation would leave that provision in place, but also give rebates to developers who build affordable housing meeting the requirements of the Housing Trust Fund. See commentary to recommendation #17

Vote: Unanimous

Implementation Date: December 31, 2008

COMMUNITY DEVELOPMENT BLOCK GRANTS (CDBG)

Recommendation Number 20

CDBG FUNDING SHOULD NOT BE USED FOR CITY INFRASTRUCTURE IMPROVEMENTS JUST BECAUSE THE IMPROVEMENT WILL BE MADE IN A PREDOMINATELY LOW-INCOME NEIGHBORHOOD. THE CITY HAS OTHER FUNDING AVAILABLE FOR INFRASTRUCTURE IMPROVEMENTS.

Commentary: Due to the limited amount of CDBG funding the City receives annually, it should be used for affordable housing as much as possible.

Vote: This recommendation was made by the Current State of Affordable Housing sub-committee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Implementation Date: Immediate and ongoing.

CITY OF ASHEVILLE MINIMUM HOUSING CODE

Recommendation Number 21

IN 2003, CITY COUNCIL VOTED TO RESCIND THE MANDATORY INSPECTION PROVISION OF THE MINIMUM HOUSING CODE, BUT COMMITTED TO STUDYING THE IMPACT OF THIS CHANGE ON THE AFFORDABILITY AND CONDITION OF RENTAL HOUSING. THIS STUDY HAS NOT BEEN DONE. THE CITY SHOULD EXPLORE THE IMPACT OF THIS CHANGE AND REVISE THE MINIMUM HOUSING CODE AS NECESSARY TO ENSURE THE RESIDENTS OF ASHEVILLE HAVE SAFE HOUSING TO RENT.

Commentary: The Building Safety Department records the number of complaints it receives. There were 60 complaints in 2003 and 189 in 2007. (It should be noted, however, that there were 227 complaints in 2001.) Residential fires have increased from 65 in 2002 to 187 in 2007.

Vote: This recommendation came from the Current State of Affordable Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: High

Implementation Date: July 1, 2010

Implement new initiatives to increase the supply of Affordable Housing

NEW INITIATIVES

Recommendation Number 22

AFFORDABLE HOUSING IS ONE PART OF AN INTEGRATED APPROACH TO PLANNING. CREATE TRANSIT CORRIDOR OVERLAY DISTRICTS THAT ENCOURAGE AFFORDABLE HOUSING BY PROVIDING INCENTIVES FOR MIXED USE DEVELOPMENT, HIGHER DENSITY, SUSTAINABILITY, INFILL DEVELOPMENT AND OPEN SPACE. POTENTIAL AREAS FOR THE TRANSIT CORRIDOR OVERLAY DISTRICTS ARE: PATTON AVENUE IN WEST ASHEVILLE, MERRIMON AVENUE IN NORTH ASHEVILLE, TUNNEL ROAD IN EAST ASHEVILLE, AND HENDERSONVILLE ROAD AND, SWEETEN CREEK ROAD IN SOUTH ASHEVILLE.

Commentary: The Transit Corridor Overlay District will be a new tool that will allow the City of Asheville to achieve many of its goals in a comprehensive, holistic approach. The potential for affordable housing development in this overlay district is very high.

Vote: Unanimous

Priority: High

Implementation Date: January 1, 2010

Recommendation Number 23

UTILIZE TAX INCREMENT FINANCING AS AN ADDITIONAL TOOL FOR CREATING AFFORDABLE HOUSING. AS THE CITY OF ASHEVILLE CREATES TIF DISTRICTS IN KEY DEVELOPMENT AREAS, AFFORDABLE HOUSING SHOULD BE REQUIRED AS A COMPONENT OF THE DEVELOPMENT PROJECTS PROPOSED. TIF CAN SUPPORT AFFORDABLE HOUSING IN DEVELOPMENT PROJECTS BY FINANCING THE INCREASED COSTS OF SUSTAINABLE PRACTICES AND INFILL PROJECTS. SOME OF

THE ITEMS THAT SHOULD BE SUPPORTED BY TIF ARE: SUSTAINABLE BUILDING, STRUCTURED PARKING, AND AFFORDABLE HOUSING.

Commentary: TIFs require approval from Buncombe County. This tool could be used effectively in the Transit Corridor Overlay District (see #22 above), and is potentially one of the most effective ways to increase the affordable housing supply.

Vote: Unanimous

Priority: High

Implementation Date: July 1, 2010

Recommendation Number 24

THE CITY SHOULD COMBINE MULTIPLE PUBLIC GOALS INTO A BOND REFERENDUM: AFFORDABLE HOUSING, OPEN SPACES AND PARKS, INFRASTRUCTURE IMPROVEMENTS, ETC. AFFORDABLE HOUSING SHOULD BE A SUBSTANTIAL PART OF ANY BOND REFERENDUM THE CITY PURSUES.

Commentary: A public bond will allow for more production of affordable housing than any other recommendation.

Vote: Unanimous

Priority: High

Implementation Date: 2009

COLLABORATION WITH BUNCOMBE COUNTY

THE CITY OF ASHEVILLE IS LOCATED WITHIN BUNCOMBE COUNTY. CITY AND COUNTY REGULATIONS, ORDINANCES AND POLICIES REGARDING AFFORDABLE HOUSING IMPACT THE HOUSING MARKET IN BOTH JURISDICTIONS. IN 2007, BUNCOMBE COUNTY INSTITUTED A ZONING ORDINANCE FOR SOME PARTS OF ITS LAND AREA. THE ORDINANCE LIMITED SOME OF THE AREAS WHERE MOBILE HOMES AND MOBILE HOME PARKS COULD BE LOCATED. WITHIN BUNCOMBE COUNTY, MOBILE HOMES AND MOBILE HOME PARKS PROVIDE A LARGE PORTION OF AFFORDABLE HOUSING. WHILE ALL OF THE COUNTY LAND WAS NOT ZONED IN 2007, FUTURE ACTIONS MAY INCLUDE ZONING THE ENTIRE COUNTY. ANY REDUCTION OF AFFORDABLE HOUSING OPPORTUNITIES IN BUNCOMBE COUNTY WILL HAVE A DETRIMENTAL IMPACT ON THE HOUSING MARKET IN ASHEVILLE, JUST AS THE REDUCTION OF AFFORDABLE HOUSING OPPORTUNITIES IN THE CITY OF ASHEVILLE HAS AN IMPACT ON THE HOUSING MARKET IN BUNCOMBE COUNTY. BUNCOMBE COUNTY AND THE CITY OF ASHEVILLE SHOULD STRIVE TO COLLABORATE AS MUCH AS POSSIBLE ON THEIR AFFORDABLE HOUSING REGULATIONS, ORDINANCES AND POLICIES. POTENTIAL AREAS FOR COLLABORATION INCLUDE:

- HOUSING TRUST FUNDS
- TAX INCREMENT FINANCING (ALL TIF PROJECTS IN BUNCOMBE COUNTY MUST BE APPROVED BY BUNCOMBE COUNTY)
- PUBLIC BONDS
- THE EXTRA-TERRITORIAL JURISDICTION (ETJ)

PROVIDE COMPREHENSIVE EDUCATION TO STAKEHOLDERS

Recommendation Number 25

THE TASK FORCE RECOMMENDS THAT THE CITY OF ASHEVILLE SUPPORT A PUBLIC AWARENESS AND EDUCATION CAMPAIGN DESIGNED TO OVERCOME THE MYTHS AND STEREOTYPES CONNECTED TO AFFORDABLE HOUSING; TO COMMUNICATE THE CITY'S COMMITMENT TO AFFORDABLE HOUSING; TO COMMUNICATE THE BENEFITS OF AFFORDABLE HOUSING; AND TO GAIN SUPPORT BY A WIDE GROUP OF LOCAL INTERESTS FOR EXPANDED AFFORDABLE HOUSING OPPORTUNITIES IN ASHEVILLE AND BUNCOMBE COUNTY. (COMPONENTS OF A MODEL PROGRAM ARE ATTACHED AS APPENDIX C.)

Commentary: Some City Council members have expressed a belief that there is wide-spread support for affordable housing in the community. This belief is counter to the experiences of many Task Force members. The Task Force makes this recommendation because it believes that there are common misperceptions in the community about what affordable housing is and who lives in it, and that due to these misperceptions some of the recommended actions in this document, i.e., a public bond, will not be successful unless public perception is changed.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: High

Implementation Deadline: September 30, 2008

Responsible parties: City of Asheville, community organizations, employers, media.

Recommendation Number 26

PROVIDE HOUSING CONSUMER EDUCATION THROUGH A CONTINUUM OF HOUSING COUNSELING PROGRAMS, ACCESSIBLE THROUGH MULTIPLE POINTS OF ENTRY THAT WILL RESULT IN INCREASED OPPORTUNITIES FOR PEOPLE TO ACCESS HOMEOWNERSHIP OR RENTAL IN THE PUBLIC OR PRIVATE MARKET.

Commentary: Counseling programs are an integral part of the strategy to match families with the housing opportunities where they will be most successful. These programs are ideally provided by community organizations. Historically, the City of Asheville has supported these programs through CDBG funding. The change requested in this recommendation is for the programs themselves to become more flexible in the provision of counseling services. These changes can be accomplished through conversations between Community Development and local agency staff.

Vote: Unanimous

Priority: Low

Responsible parties: City of Asheville, OnTrack Financial Education and Counseling, Affordable Housing Coalition, Housing Authority of the City of Asheville, potential other community organizations.

Recommendation Number 27

AGGRESSIVELY MARKET THE SECTION 8 HOUSING CHOICE VOUCHER HOMEOWNERSHIP PROGRAM TO ALL SECTION 8 PARTICIPANTS AND MAKE LOCAL AGENCY WORKERS AWARE OF THE BENEFITS OF PROGRAM. PARTNER WITH MHO AND HABITAT FOR HUMANITY FOR PRODUCTION OF QUALITY HOMES FOR THESE PARTICIPANTS.

Commentary: The Section 8 Housing Choice Voucher program is one of the most effective ways for low-income working and/or disabled families and individuals to become homeowners.

Vote: This recommendation was made by the Subsidized Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Responsible parties: Housing Authority of the City of Asheville, Mountain Housing Opportunities, Habitat for Humanity, others.

Recommendation Number 28

PROVIDE CONCENTRATED LANDLORD EDUCATION ON THE BENEFITS OF THE HOUSING CHOICE VOUCHER PROGRAM AND OTHER SUBSIDY PROGRAMS; BUILD A BASE OF COOPERATING LANDLORDS. Currently, many Housing Choice Voucher recipients return the voucher unused, many because they cannot find a suitable rental. The voucher program is the largest of only a few subsidy programs available for low-income renters.

Vote: This recommendation was made by the Subsidized Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Responsible parties: Housing Authority of the City of Asheville; Affordable Housing Coalition; OnTrack Financial Education and Counseling, Carolina Real Estate Investors Association, others.

Recommendation Number 29:

PROVIDE DEVELOPER EDUCATION CONCENTRATED TO HOUSING DEVELOPERS ON THE INCENTIVES OFFERED BY THE CITY. PARTNER WITH THE HOME BUILDERS ASSOCIATION AND OTHER TRADE GROUPS TO FACILITATE THIS EDUCATION.

Commentary: Task Force members representing developers noted that many developers would be interested in utilizing City programs such as the Housing Trust Fund if the developers knew more about how the programs work. Organizations such as the Asheville Home Builders Association are willing to work in conjunction with other organizations to facilitate educational opportunities.

Vote: This recommendation was made by the Current State of Affordable Housing subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Low

Responsible parties: Asheville Home Builders Association, others.

Provide support to community initiatives and collaborations that further affordable housing.

FINANCIALLY SUPPORT COMMUNITY INITIATIVES AND COLLABORATIONS THAT FURTHER AFFORDABLE HOUSING

Recommendation Number 30

CREATE AND MAINTAIN A COMPREHENSIVE HOUSING WEBSITE FOR DEVELOPERS, CONSUMERS, ADVOCATES, AND OTHERS. (SEE APPENDIX D FOR THE HOMEPAGE OF WWW.LIVEBALTIMORE.COM, A MODEL HOUSING WEBSITE.) THE WEBSITE WOULD HAVE THE FOLLOWING FEATURES IN ADDITION TO OTHERS: LINKS TO VARIOUS SERVICES; AFFORDABLE RENTALS AND HOMES FOR SALE; INVENTORY OF PUBLIC AND PRIVATELY-OWNED BUILDABLE LOTS; ONLINE PERMIT TRACKING; NEIGHBORHOOD INFORMATION; RELOCATION INFORMATION; SCHOOL INFORMATION; HOMEBUILDERS; INSURANCE COMPANIES; MORTGAGE LENDERS; REAL ESTATE AGENTS; AND HOUSING AND BUDGET COUNSELORS

Commentary: This website would work well in conjunction with the public awareness and media campaign.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Medium

Implementation Date: December 31, 2008

Responsible parties: City of Asheville, community organizations.

Recommendation Number 31

PROVIDE SUPPORT FOR THE EARNED INCOME TAX CREDIT PROGRAM TO ENHANCE THE CURRENT TAX PREPARATION PROGRAMS TO INCREASE THE ACCESS OF EARNED INCOME TAX CREDITS (EITC) AND DECREASE USE OF REFUND ANTICIPATION LOANS (RALs).

(INFORMATION ON THE BOSTON EITC COLLABORATIVE, A MODEL PROGRAM, IS ATTACHED AS APPENDIX D.)

Commentary: City of Asheville residents did not have approximately \$4 million to utilize for tax year 2004, \$3 million in EITC that was not filed for and \$1 million that was spent in Refund Anticipation Loans.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Medium

Implementation Date: January 1, 2009 (for the next tax season)

Responsible Parties: See Appendix D.

Recommendation Number 32:

IMPLEMENT A LOCAL EMPLOYER ASSISTED HOUSING COLLABORATIVE WITH THE FOLLOWING COMPONENTS, WHICH HAVE BEEN TAKEN FROM MODEL PROGRAMS IN OTHER COMMUNITIES IN THE UNITED STATES. (MORE INFORMATION TAKEN FROM MODEL PROGRAMS IS ATTACHED AS APPENDIX E.)

- PARTNERSHIP WITH A LEAD BANK THAT OFFERS ITS LOAN PRODUCTS AT DISCOUNTED RATES IN EXCHANGE FOR EXCLUSIVITY.
- NETWORK OF THIRD-PARTY APPRAISERS, INSPECTORS, REALTORS, AND DEVELOPERS WHO DISCOUNT THEIR SERVICES TO PROGRAM PARTICIPANTS.
- PARTNERSHIP WITH NON-PROFIT AGENCY FOR PRE AND POST PURCHASE COUNSELING FOR HOMEBUYERS AND HOUSING COUNSELING FOR RENTERS.
- SPECIALIZED PROGRAM FOR RENTERS THAT INCLUDES SECURITY DEPOSIT, UTILITY DEPOSIT AND FIRST MONTH'S RENT ASSISTANCE. IF RENTER CONTINUES EMPLOYMENT OVER A SPECIFIED PERIOD OF TIME, CAN ACCESS DOWN-PAYMENT/CLOSING COST ASSISTANCE FOR PURCHASE OF FIRST HOME.
- WEBSITE LINKING BANK, COUNSELING PROGRAMS, AND THIRD-PARTY PARTNERS.

- **EMPLOYER FLEXIBILITY:** EMPLOYERS CAN DESIGN THEIR OWN PROGRAM COMPONENTS WITH LEAD ENTITY, SUCH AS HOW MUCH EMPLOYER CONTRIBUTES AS MATCHING FUNDS (IF ANY), HOW LONG EMPLOYEE MUST CONTINUE EMPLOYMENT, MAXIMUM INCOME LEVEL, PERMISSIBLE GEOGRAPHY.

Vote: This recommendation was made by the Housing Stability subcommittee. The full Task Force did not choose to discuss and vote on this recommendation.

Priority: Medium

Implementation Date: July 1, 2010

Responsible parties: City of Asheville, Asheville Area Chamber of Commerce, other employers, OnTrack Financial Education and Counseling, Affordable Housing Coalition, others.

Recommendation Number 33

SUPPORT COMMUNITY-WIDE UTILIZATION OF THE CAROLINA HOMELESS INFORMATION NETWORK. THE DATA COLLECTED THROUGH THE NETWORK MEASURES OUTCOMES AND TRACKS SERVICES AND HOUSING PLACEMENTS FOR HOMELESS INDIVIDUALS AND FAMILIES. SEEK TO EXPAND AND INTEGRATE WITH OTHER HUMAN SERVICE AGENCIES TO CREATE AN INTEGRATED DATA SYSTEM. REQUIRE PARTICIPATION IN HMIS OF PROGRAMS RECEIVING CITY FUNDING TO WORK WITH PEOPLE EXPERIENCING HOMELESSNESS. THE CURRENT LACK OF UTILIZATION OF THE NETWORK IS PLACING VITAL FEDERAL AND STATE FUNDING IN JEOPARDY.

Vote: 10-4 in favor

Priority: Low

Timeline for Implementation: June 30, 2008

Responsible parties: City of Asheville Community Development

TOPICS FOR FURTHER DISCUSSION

There are a few topics that the Task Force did not get to discuss that are important components of affordable housing and will need to be addressed by the City of Asheville:

1. Mobile homes - Although there are few mobile homes within the City of Asheville, there are many in the Extra-Territorial Jurisdiction (ETJ). Future annexation by the City will more than likely bring in more mobile homes. Policies should be developed regarding the use of mobile homes as residences within the City of Asheville that promote their use as an affordable housing option when they are constructed to ensure their long-term suitability for housing.
2. Community organizing - Community organizing activities were a service provided by Neighborhood Housing Services until 2007. Mountain Housing Opportunities does some community organizing in the communities where they are constructing housing. Discussions about which organization(s) should be doing community organizing how it will be funded will need to take place.
3. Relocation assistance - The City of Asheville has historically provided some relocation assistance to families displaced due to enforcement of the minimum housing code. Relocation assistance is required when families are relocated in certain circumstances. Historical efforts have included collaboration between the City of Asheville and local community non-profit organizations. Formal policies regarding relocation assistance should be considered.
4. Housing Trust Fund - The City of Asheville makes an annual allocation into the Housing Trust Fund for the development of affordable housing. Some of the recommendations in this plan include changing the Trust Fund from a loan only fund to a loan and grant fund. Discussions will need to be held concerning how much money should be placed into the Housing Trust Fund on an annual basis to ensure enough funding is available to achieve the goals of the fund.

Conclusion

This plan is a living document and should be treated as such. It reflects the Task Force recommendations as of June, 2008. The Task Force considered and chose not to recommend other potential initiatives. The plan will need to be evaluated and changed on a periodic basis. Factors affecting affordable housing will change. The economic forecast for the next few years is uncertain, and market conditions affect housing development. As recommendations are implemented, they must be studied for effectiveness. Other communities may have great success with a program this Task Force did not consider. Hopefully legislation authorizing cities to take broader action around housing and property taxation will be enacted by the State of North Carolina. At this point, we simply do not know, but as a community we must be ready to capitalize on opportunities to make housing more affordable for all of Asheville.